

## ECONOMIC ADMINISTRATION REFORMS COMMISSION

### II|Report No. 5

#### *Simplification of Administrative Procedures, a Reform of the Leave Travel Concession Scheme.*

### 1

The Leave Travel Concession Scheme for Central Government Employees was introduced in 1956 as a measure of assistance to Government servants working at considerable distances from their home-towns. Subsequently, this was liberalised to cover holiday travel to places other than home-towns at less frequent intervals. Over the years, the rules have also acquired an accretion of definitions, interpretations, clarifications and rulings covering all kinds of contingencies and cases, and have become a formidably complicated system. This entails considerable complexity in the submission of claims, often perplexing to the claimant (and to his family where the members of the family perform journeys on their own); generates an enormous amount of administrative work and gives rise to possibilities of malpractices and false claims. Moreover, the facility of travel to any place in India has meant an enormous inducement to travel to distant places by large numbers of people, which has meant a considerable strain on the Railway system. All this leads to the conclusion that the entire system of Leave Travel Concession is in urgent need of careful re-consideration. We have tried to look at the scheme from the point of view of economy in public expenditure as well as that of simplification of administrative procedures, both these being among the terms of reference of the Commission as originally constituted.

2. In any reconsideration of the system, a distinction will have to be made between the two parts of the present scheme, namely, home-travel concession and holiday-travel concession. The family and social obligations which necessitate periodical visits to the home-town impose a disability on persons whose places of work are very distant from their home-towns, and a scheme which neutralises this disadvantage serves an important purpose. The justification for the holiday-travel concession is not equally evident.

3. Holiday travel is certainly desirable; it could serve recreational or cultural purposes and is an amenity which improves the quality of

life. However, it is only one such amenity; there are many other aids and activities which provide entertainment, enhance comfort, serve cultural purposes or otherwise improve the quality of life, such as the purchase of books, the acquisition of music systems or TV sets, the possession of personal transport or other consumer durables, visits to music concerts cultural shows or religious discourses, and so on. It is eminently desirable for Government servants (as well as others) to be able to go beyond the mere business of living and have some access to some of these amenities and facilities. However, these are considerations to be kept in mind in determining the general structure of emoluments; an element has to be built into the salary to enable Government servants not merely to meet the bare necessities of life but to afford some of the aids to better living mentioned above. There seems to be no special reason why holiday travel alone should be isolated for a special concessional scheme. Even if it is felt that this is a more important element in better living than the others mentioned earlier, the proper course would be to provide an allowance for this in the salary structure rather than have a special reimbursement scheme for this element. A special scheme might have been appropriate if there had been a substantial surplus carrying capacity in the Railway system, but this is not the case; the scheme has in fact the effect of putting an undue strain on the Railways. Nor is it in the interest of the national economy to encourage road travel; for, quite apart from possibilities of abuse, increased road travel would mean an increased pressure on the scarce resources of petrol or diesel.

4. There is therefore a case for considering the replacement of the present scheme of holiday-travel concession by a small addition to the salary (at varying rates for different pay ranges) without any travel condition attached to it. Such an addition would of course become taxable but that would be entirely appropriate; if specific allowances granted to compensate to the cost of living such as the dearness allowance or the city compensatory allowance could be taxed, there is no reason why a contribution towards possible travel costs should not be taxed, particularly when it is not made conditional on actual travel. If in the absence of the condition of actual travel the amount is saved this should surely be an advantage not only to the Government servants themselves but also to the economy as a whole.

5. However, this is a matter which is squarely within the purview of the Pay Commission which is currently in the process of reviewing the entire structure of emoluments of Central Government servants. The most appropriate course would therefore be to place before them

for their consideration, the need for a review of the existing leave travel concession scheme, particularly that part of it which relates to travel to places other than the home-town.

6. Meanwhile, there is urgent need to consider procedural improvements and simplifications within the existing scheme, which, as mentioned earlier, has become enormously complicated and has also been plagued by bogus claims. If bogus claims are to be minimised and administrative simplification brought about, then we have to consider possible solutions in the light of an understanding of how bogus claims arise and what the administrative complexities are.

7. Bogus claims relate largely to road journeys, particularly under the scheme meant for places other than home-town; the usual method is to obtain bogus or inflated vouchers for road journeys and claim reimbursements as admissible. As regards administrative work, it arises at several stages : drawing and paying advances, keeping a watch to see that details are submitted in adjustment of such advances, scrutinising the details, preparing TA bills, etc. Apart from work in the administrative organization, the Pay and Accounts Office also has to deal with advance bills and final bills, check them and draw cheques for payment, and maintain books to watch the adjustment of advances. Moreover, instances of abuse of the scheme also lead to administrative work in the form of enquiries, vigilance cases, prosecutions, etc.

8. In the light of the above, if the possibilities of abuse of the leave travel concession scheme are to be minimised (if not eliminated) and administrative work greatly reduced, (a) road travel has to be ruled out, and (b) the handling of cash avoided altogether. This is possible if we adopt a system of issue of coupons or warrants which can be exchanged for railway tickets (on payment to the Railways by the Government servant of the fare for the first 400 Kms.\*).

9. There is much to be said for this idea. The Railways have been operating a system of passes for years, and they do not have a separate LTC Scheme; nor do they allow the facility of travel by any mode other than rail. In the Armed Forces and in the Central Police Organizations too, only railway warrants are issued for official and home-leave travel (though for some strange reason, the Police Establishments issue railway warrants to their employees but provide cash reimbursement of fares for their families!). Similarly, in the

---

\* 160 Kms. in the case of Class IV staff.

Civil Establishments also we could have a system of issue of Railway coupons or warrants for travel (whether by the Government servant or by his family) to the destination and back by the shortest route.

10. This would no doubt entail administrative work in the form of printing and maintenance of books of such coupons or warrants. But the work involved would be less than the current quantum of work because it will eliminate the payment of advances, the submission of T.A. bills, etc. Further, the work will be entirely confined to the administrative office, and the work in the Pay & Accounts Office will be eliminated. The possibility of abuse will also be minimised, if not eliminated.

11. It may be felt that this would entail some work for the Railways in the form of collecting the coupons, sending them periodically to the issuing offices and claiming payments. Even so, if we consider the Government as a whole there would be definitely a reduction of work. In any case, it should not really be necessary for the Railways to pass on the debits for the tickets issued to the various administrative offices. The entire cost of the LTC Scheme can remain debited in the books of the Railways, and can be taken into account at the end of the financial year when the overall picture of Railway accounts is consolidated and their contribution to the General Revenues is determined. A settlement of accounts between the Railways and each of the various administrative offices issuing Railway coupons or warrants seems hardly necessary. (The Railways issue concessional tickets to large numbers of students every year during vacation time against concession forms issued by numerous schools and colleges all over the country, and so far as we know the debit for these concessions remains on the Railway's books).

12. It may be argued that even without any settlement of accounts, it is desirable to send the used railway warrants or coupons back to the issuing offices so that they can match them with their counterfoils and detect bogus forms if any. This again does not seem necessary. No such cross-check is being made in the case of student concession forms or even in the case of Railway warrants issued by the Defence or Police authorities. The only safeguard is that the specimen signatures of the local issuing authorities are registered with the station-masters; and the return journey part of the form is stamped and endorsed at the issuing station, thus authenticating the form for the issue of the return ticket by the station at the other end. Similar arrangements should be adequate in the case of the Railway coupons or warrants that we are suggesting for the LTC Scheme.

13. If the leave travel concession is provided entirely in the form of railway coupons or warrants, the choice (now available) of travelling by road between places connected by rail will disappear. This restriction of choice may not be entirely popular, but this is a price which has necessarily to be paid for eliminating false claims and reducing administrative work. It must be recognized that in some cases this could be a slight deliberalization. If there are places which can be reached only by a road journey in addition to a rail journey (e.g. Ranikhet) the cost of such road journey will have to be borne by the Government servant himself. It must be noted that neither the system of passes in the Railways nor that of warrants in the Police and Defence Establishments envisages any travel other than by rail, and what is good enough for them should be good enough for the Civil establishment as well. (This question of course arises at all only in the case of home-town travel; in the case of holiday trips the facility can be quite reasonably restricted to travel to places which can be reached by rail).

14. The question arises whether any special dispensation is needed to cover journeys to places which are connected most conveniently by sea or by air (places like Assam, Goa, etc.). This does not seem necessary. Within the mainland it should be possible to reach places, or get near enough to them, by rail, even if this is not the most convenient mode of travel. It is only if some one has to travel to places outside the mainland (e.g. the Andaman & Nicobar Islands) then the system of Railway warrant or coupon will fail to cope with the situation. However, it seems hardly likely that there is any significant number of persons whose home-towns are in the islands and whose place of work is on the mainland. In any case, such questions have apparently not arisen under the pass system in the Railways or the warrant system in the Armed Forces. It seems therefore unnecessary to deal with this hypothetical possibility.

15. If we do wish to bring about a drastic simplification of the existing system and the minimisation of possibilities of abuse, the two principles mentioned above, namely, the avoidance of the possibility of road travel and the avoidance of the handling of cash, seem absolutely necessary. It may be difficult to persuade the staff to accept such a change readily, but in the context of the economy drive launched by the Government, some deliberalization of the existing LTC Scheme could be appropriately pressed, and may even be accepted with less opposition from the staff now than at any other time. However, if necessary, during negotiations on this with the staff side, the Government could offer the inducement of the removal of

the present requirement of their having to pay for the first 400 Kms. of rail travel out of their own pockets. In other words, the Railway coupons or warrants could be made exchangeable for tickets without any payment of cash. The removal of the principle of reimbursement beyond the first 400 Kms. is in any case a long-standing demand of the staff. In most public enterprises this restriction has already been given up, and even in Government the restriction applies only to home-town travel and not to the concession available once in four years for travel to any place in India. There is thus a case on merits for removing this restriction in respect of home-town travel too, and this liberalization could be used as a bargaining counter in the negotiation to persuade the staff side to accept the scheme of providing the leave travel concession in the form of railway coupons and eliminating road travel. It seems that this would not be too big a price for securing the cooperation of the staff in bringing about a major simplification and reduction in administrative work and reducing the scope for misuse.

*16. Summing up, we would recommend that as a measure of simplification and reduction of administrative work, and as a means of minimising the evil of bogus claims, the existing Leave Travel Concession Scheme should be confined to rail travel and the facility made available in the form of railway warrants or coupons exchangeable for tickets thus eliminating the need for advances, adjustment bills and cash payments. Attempts should be made to secure the cooperation of the staff in bringing about such a change; if necessary, Government could offer the inducement of the removal of the restrictive feature that the fare for a certain initial distance has to be borne by the Government servant himself or herself.*



